


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JUL -9 2007

SUBJECT: Fiscal Impact Statement: "Great Streets Neighborhood Retail Priority Areas Approval Resolution of 2007"

REFERENCE: PR 17-248

Conclusion

Funds are not sufficient in the proposed FY2008 budget and the FY2008 through 2011 financial plan to implement the proposed resolution.

Background

The proposed resolution designates new retail priority areas under Section 4 of the Retail Incentive Act of 2004. The resolution identifies six new retail priority areas, sets the maximum bond issuance amount in each area (at a maximum aggregate principal amount of \$95 million) and sets December 31, 2012 as the latest date by which these bonds may be issued.

In the FY2006 Budget Support Act, the Council increased the cap on TIF debt (issued both under the TIF Act and the Retail TIF Act) to \$500 million. To date, approximately \$294 million in TIF bonds has been authorized by the Council. The additional \$95 million in TIF bonds authorized through this resolution would increase the total amount of the TIF bonds authorized to \$389 million which is below the \$500 million cap.

Assuming a base year of 2007 and assuming sales and property tax revenues grow according to projections in the financial plan, the Great Streets Neighborhood Retail Priority areas would generate an estimated \$43.5 million in incremental taxes from FY2008 through 2011. These

funds, pursuant to Section 7 of the Retail Incentive Act of 2004, are to be placed in separate accounts which do not revert to the General Fund and can only be used for the purposes specified in the Retail Incentive Act. Without the proposed resolution this revenue, already included in the FY2008 through 2011 budget and financial plan, would go to the General Fund. Therefore, implementing the resolution will result in a reduction in General Fund revenues of approximately \$43.5 million from FY2008 through FY2011.

Financial Plan Impact

Funds are not sufficient in the proposed FY2008 budget and FY2008 through 2011 financial plan to implement the proposed resolution.

Estimated Impact to the Financial Plan of the Great Streets Neighborhood Retail Priority Areas Approval Resolution of 2007 (\$ in millions)				
FY 2008	FY 2009	FY 2010	FY 2011	Total
\$ 5.16	\$ 9.12	\$ 12.78	\$ 16.42	\$43.48